



# NASA Exchange LaRC FY05 Annual Report



Your First Choice – LaRC Exchange



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# LaRC Exchange Operations Overview

## Mission & Vision



- The Exchange Mission is to provide products, services, and activities that promote and enhance the well-being of the LaRC Community.
- Vision: A customer-focused team providing “first choice” quality of life programs and services for the LaRC community.
- Your First Choice--Langley Exchange



# LaRC EXCHANGE OPERATIONS

## Consolidated Financial Statement



### *Statements of Activities*

<b>Years Ended September 30,</b>	<b>2005</b>	<b>2004</b>
<b>Revenue</b>		
Sales and commissions	\$ 1,713,379	\$ 1,903,393
<b>Cost of sales</b>	533,753	645,492
<b>Gross profit</b>	1,179,626	1,257,901
<b>Operating expenses</b>	1,226,245	1,237,143
<b>Income (loss) from operations</b>	(46,619)	20,758
<b>Other revenues (expenses)</b>		
Miscellaneous income	4,047	4,578
Combined Federal Campaign contribution	2,546	3,063
Interest and dividends	11,049	9,739
U.S. Department of Agriculture (USDA) - National School Lunch Program	13,885	15,305
Realized and unrealized loss on investments	(2,429)	(3,315)
<b>Total other revenues (expenses)</b>	29,098	29,370
<b>Change in net assets</b>	(17,521)	50,128
<b>Net assets - beginning of year</b>	607,387	557,259
<b>Net assets - end of year</b>	\$ 589,866	\$ 607,387

Your First Choice – LaRC Exchange



# LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

A/O: YTD 30 September 05



Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT	PREVIOUS YTD	ASSESSMENT ACTUAL YTD ACHIEVED	(PROFIT)/(VARIANCE)	REMARKS/COMMENTS
FINANCE & ACCOUNTING NI & BUDGET VAR	> 0   ±15%	10.0	19.95   -38%	12.4   +24%	G A	Comments: Below Prior Yr NI by \$7.6K and 2.3> than BGT. Vending Revenues 6.4 < than previous yr., Labor up 2.2K over last yr.
CHILD DEV. CENTER NI & BUDGET VAR	> 0   ±15%	5.2	38.4   - 32%	20.5   + 294%	G R	Comments: NI 18.3K < than last Yr. and 15.3K > BGT. Revenues 6.6K < than BGT. Labor 22.7K > than last yr and 8K > budget.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0   ±15%	.1	13.6   +211%	-14.6   -1530%	R R	Comments: NI 15K < & Sales 87.2K < last yr., labor 11.2K > than budget.
EXCHANGE SHOP NI & BUDGET VAR	> 0   ±15%	11.2	-.4   -455%	-20.1   - 279%	R R	Comments: NI 19.6K < & Sales 97.95K < last yr. COG's 78.7% vs. BGT of 72.2 Inventory adjusted.
Employee Activities Assn. NI & BUDGET VAR	> 0   ±15%	-29.3	-21.4   +26.6%	15.7   +46%	R A	Comments: Fitness Center income \$4.1K YTD. Depreciation reduced to \$.9K vs. 2.2K monthly
Exchange Fund Net Income & Budget Variance	> 0   ±15%	-2.9	50.1   -159%	-17.5   -1124%	R R	Comments: Exceeds Prior Yr NI of -31.6K. YTD NIBD for FY04 is \$70,850
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	1.4:1	2.08:1	1.76:1	G	Comments: Total cash on hand \$343,373, AR \$36,812, Total liabilities \$194,945. YTD cash decrease -27,082
CASH TO DEBT RATIO Cash + Current & L. RANGE Investments / total liabilities	>1:1   <2:1	2.2:1	2.53:1	2.21:1	+A	Comments: Cash Assets on hand \$431,514. Net assets beginning \$607,387 ending \$589,866
CI EXECUTION RATE 70 % OF BUDGET	>25.3   70%	70%	2%	99%	G	Comments: CI budgeted at \$89,700. \$88,734K executed fitness equip., new CDC FF&E, Social lounge & exchange shop improvements.

## PROFIT/LOSS

R=LOSING MONEY

G=MAKING MONEY

A=CONTROLLED LOSS

## BUDGET VARIANCE

R=NEGATIVE OR VARIANCE >25%

G=POSITIVE NIBD & VARIANCE <16%

A=POSITIVE NIBD & VARIANCE 16-25% OR CONTROLLED LOSS & VARIANCE 0-25%



## Exchange Financial Performance Indicators Food and Beverage as of 30 Sept 2005



Green = Meets target Goal  
Amber = Within .50% of meeting target Goal  
Red = More than .50% over target Goal

	FY 05 Percent Goal	FY05 YTD Actual	FY04 YTD Actual
Cost of Goods	46.84%	\$354,884 <b>47.36%</b>	\$395,265 <b>47.25%</b>
Labor Cost	43.18%	\$341,989 <b>45.64%</b>	\$357,082 <b>42.69%</b>
Other Expenses	9.54%	\$67,606 <b>9.02%</b>	\$70,565 <b>8.44%</b>
Net Income	.44%	-\$15,178 <b>-2.02%</b>	\$13,573 <b>+1.62%</b>

Total Revenue YTD  
\$749,300

Total Revenue  
YTD \$836,486



Exchange Financial Performance Indicators  
**Exchange Shop**  
Preliminary Figures 30 September 2005

Green = Meets target Goal  
Amber = Within .50% of meeting target Goal  
Red = More than .50% of target Goal

	FY05 Goal	FY04 YTD Actual	FY05 YTD Actual
Cost of Goods	72.2%	<b>\$250,227</b> 76.68%	<b>\$178,869</b> 76.72%
Labor	17.4%	<b>\$54,680</b> 16.83%	<b>\$57,478</b> 18.24%
Other Expenses	9.4%	<b>\$20,727</b> 6.29%	<b>\$11,009</b> 7.23%
Net Income	1%	<b>-\$437</b> -.02%	<b>-\$20,067</b> -2.19%
		Total Revenue \$325,198	Total Revenue \$227,289



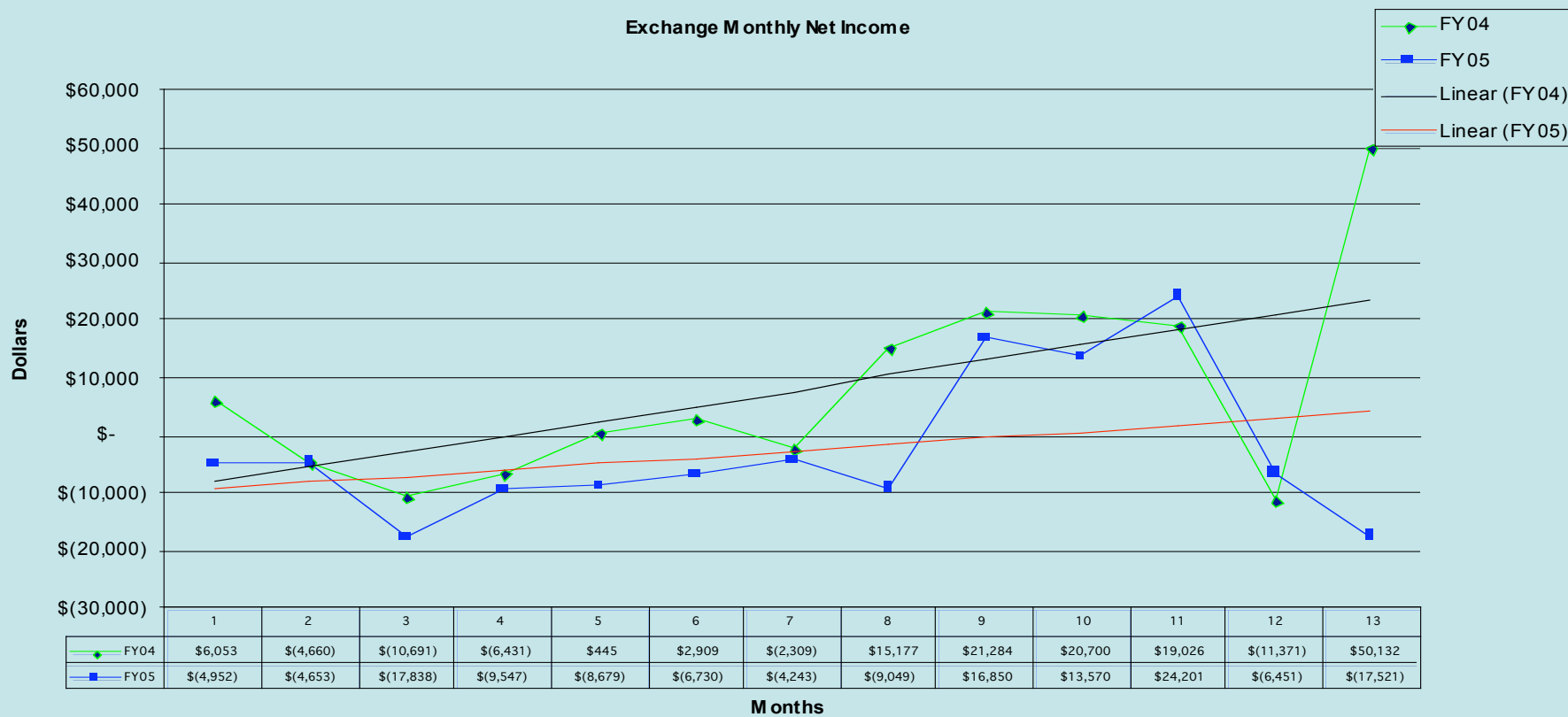
## Exchange Financial Performance Indicators

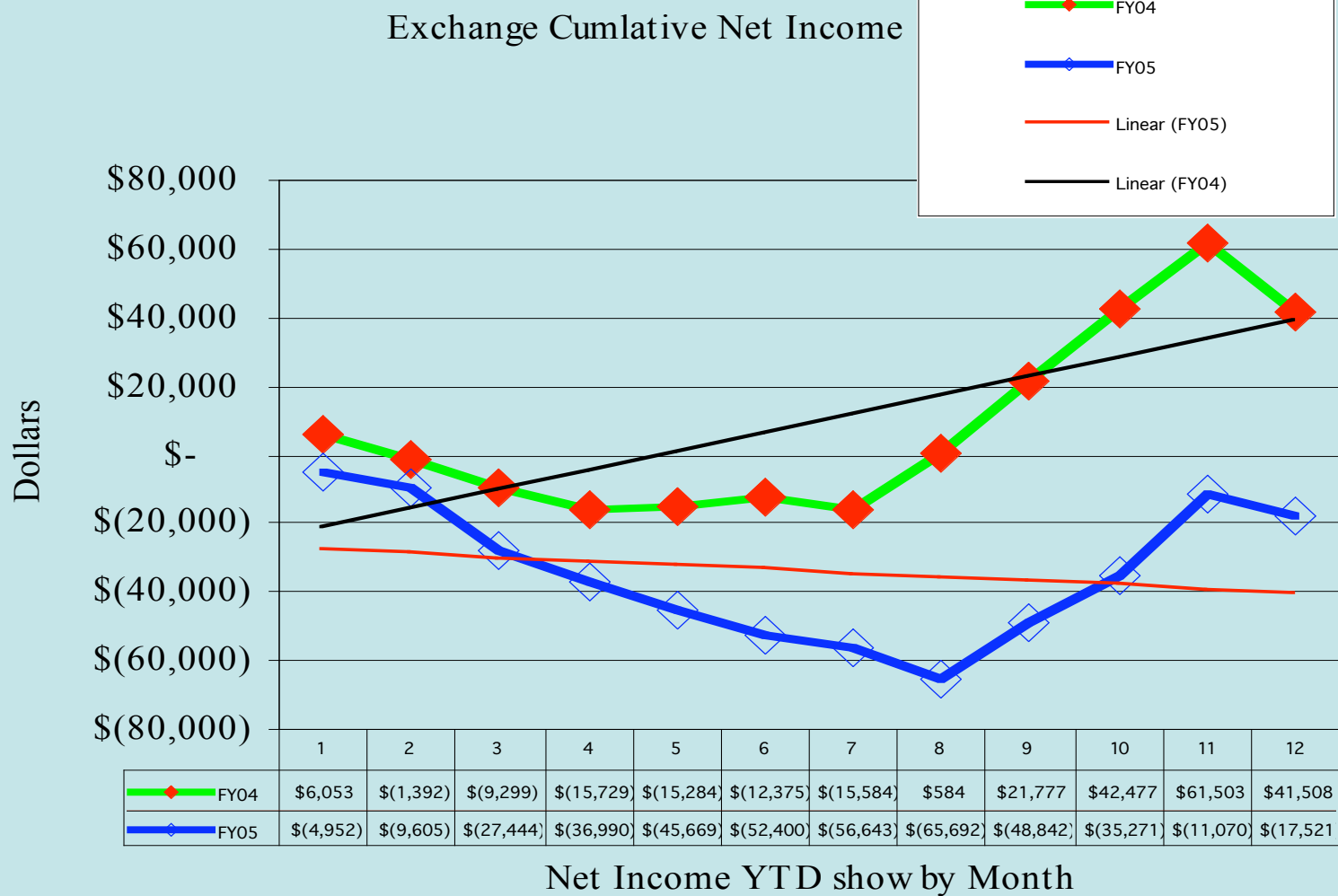
as of September 30, 2005

		FY04 YTD Sept	FY05 YTD Sept	Variance
Revenues		\$1,936,117	\$1,713,379	\$ 189,667
Cost of Goods		\$ 645,492	\$ 533,753	\$ (111,739)
Gross Profit		\$1,290,625	\$1,179,627	\$ (77,928)
Salaries		\$ 995,776	\$1,004,763	\$ (8,987)
Other Expenses		\$ 225,181	\$ 221,482	\$ ( 21,934)
Depreciation		\$ 21,448	\$ 18,259	\$ ( 9,297)
NIBD		\$ 71,580	\$ 738	\$ (70,543)
Net Income		\$ 50,132	\$ (17,521)	\$ (79,840)
<b>Total Exchange Net Income</b>	<b>Goal 1%</b>	<b>2.59%</b>	<b>-1.02%</b>	



Exchange Monthly Net Income







# LaRC EXCHANGE OPERATIONS

## Cash Flow FYO4 & 05



### *Statements of Cash Flows*

<b>Years Ended September 30,</b>	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (17,521)	\$ 50,128
Adjustments to reconcile to net cash from operating activities:		
Depreciation	18,258	21,450
Realized and unrealized losses on investments	2,429	3,315
Change in:		
Accounts receivable	(6,336)	21,408
Inventories	39,150	(10,649)
Prepaid expenses	(1,922)	(6,819)
Accounts payable	9,892	(23,151)
Accrued expenses	(9,700)	19,119
Unearned revenue	2,245	(5,875)
Security deposits	(139)	279
<b>Net cash from operating activities</b>	<b>36,356</b>	<b>69,205</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(88,734)	-
Proceeds from maturities of investments	39,061	20,350
Purchase of investments	(13,765)	(10,810)
<b>Net cash from investing activities</b>	<b>(63,438)</b>	<b>9,540</b>
<b>Net change in cash and cash equivalents</b>	<b>(27,082)</b>	<b>78,745</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>370,455</b>	<b>291,710</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 343,373</b>	<b>\$ 370,455</b>



# LaRC EXCHANGE

Fiscal Year 2005

## Capital Improvements



PRIORITY	Years ROI	Activity	Estimated Cost	Projected Purchase	Description
1	5	Exchange Shop	\$15,000	FY05-2nd	Shelving/LED/counter.
3		LaRC CDC	\$38,000	FY05-3rd	cubbies, table,chairs,Shelves
4		LaRC CDC	\$7,500	FY05-3rd	Dramtic Play equipment
6	3	Food & Beverage	\$2,500	FY05-2nd	Bar Tab/Seating
7		Food & Beverage	\$1,200	FY05-2nd	Carpet Afterburner
2		Fitness Center/Gym	\$25,500	FY05-1st	Fitness Equipment
		TOTAL	\$89,700		12



# LaRC Exchange Operations Overview

## Major Accomplishments



**FY05 was a investment and reorganization year for the LaRC NASA Exchange with an eye towards a servicing a leaner LaRC in the future. The following outlines major accomplishment:**

- **Established baseline employer contributions of \$4,200 to 401K retirement plan.**
- **Implemented FY04 Audit findings.**
- **Completed Phase 1 renovation to the Cafeteria and expansion of the Exchange Shop.**
- **Renovated the Afterburner Social Lounge.**
- **Completed the Construction expansion and opened the new Child Development Center building 1231c.**
- **Purchased \$35,000 in new classroom furniture and 12,000 in playground equipment for new Child Development Center.**
- **Assumed oversight for Fitness Center to improve equipment with \$25,500 in capital improvements.**



# LaRC Exchange Operations Overview

## Major Accomplishments



- **Awarded New Food and Snack Vending Contract with 26% commissions.**
- **Total paid to State License Agency for Randolph-Sheppard \$12,769 in FY 05.**
- **Began using Peachtree Accounting to Bank Account Reconciliation**
- **Will convert and expand Organizational Unit Morale Fund subsidy to new Workforce Morale Fund (WMF) in FY2006 with distributions on Quarterly bases.**
- **EAA to consolidate financial statement with Finance and Account office to better track vending income in relationship to subsidies to WMF.**



# LaRC Exchange Operations Overview



## Major Accomplishments

- **Re-organized the Exchange Shop through Business Based Actions to stream line desired services and discontinue duplicate ticket services provide by nearby Langley Air Force base. Reduced inventory to a more manageable level commensurate with monthly sales.**
- **Consolidated Oct 1, 2005 Activity six operating banking accounts into two NASA LaRC operating banking account**
- **Successful special events were held during the year to include NASA Family Picnic Day and week of the young child celebration.**
- **The following charts provide a highlights of the years accomplishments:**



# LaRC Exchange Operations Overview

## Major Accomplishments



The 5K Run begins.

Conducted a successful NASA Family Day Picnic in August 2005.



Organizational Displays



Food and Entertainment Tent

## LaRC Exchange Operations Overview

### Major Accomplishments



*The NASA Langley Exchange hosted Ribbon Cutting Ceremonies March 7 for the grand openings of the Exchange Cafeteria and the NASA Langley Exchange Shop. Center Director Roy Bridges Jr. and Donis Anders-West, Food and Beverage Manager, cut the ribbon during the Exchange Cafeteria ceremony. The dining area upgrades included a new interior flooring, wall repairs, and new dining furniture.*



### Fitness Upgrades a Focus at Langley

In October 2004, a Langley workforce fitness focus group identified improvement needs for patronage, equipment, classes and the facility. The group further identified needs, including: Confirming the need to improve the equipment; Opening the Fitness Center to the entire NASA Family; Noting a willingness by many of the NASA patrons to pay for improvements; Identifying that the workforces' health and welfare was important; and Identifying the availability of appropriated funds and Exchange Funds needed to continue in support of Langley workforce wellness. The group prioritized specific equipment needs in the three-year plan. The first priority was cardiovascular equipment to include 6 treadmills, 3 elliptical runners, 3 recumbent bikes and 3 stair climbers, Olympic bench, and Abdominal machine followed by improvements in selected weight-lifting machines (dumbbells, cable cross-over machine), facility décor improvements and free-weight lifting equipment in the next two years.

## LaRC Exchange Operations Overview

### Major Accomplishments



Completed Exchange Shop expansion and decor improvements in March FY 05: lighting, interior wall and floor resurfacing, new cashier configuration, new signage as well as other merchandising and presentations upgrades.



Invested in the upgrade of the Afterburner Social Lounge with new carpet, cabinet repair, and painting.

## LaRC Exchange Operations Overview

### Major Accomplishments



Kathy Skinner, Child Development Coordinator cuts the ribbon with Lesa B. Roe, LaRC Center Director (left).



PTO Officers and Lesa B. Roe, Director, LaRC (far right) greet arriving children Kale and McKenna Steneman that will enjoy the new Langley Child Development Center. Left to right: Kimberly Steneman (parent), Susan Kiser (Secretary), Teresa Hass (Treasurer), Tracey Redman, Kathy Ferrare (Vice President) and Kelly Wright (President).



Lesa B. Roe, Center Director, LaRC visits one of the newly furnished classrooms in the new LCDC.

LCDC Graduated it last Kindergarten Class in 2005. Area Schools now offer a free program. LCDC will offer Pre-Kindergarten class in 2006. →





# LaRC Exchange Operations Overview

## Future Plans



### Short Range

- PTO supported shelf help project on capital improvement in CDC building 1231 rooms for completion by March 2006.
- FY06 - Phase 2 upgrade of Cafeteria Service area \$600K. \$425 for facility and utility upgrades. \$175K for new modular Service counters.
- FY06 Capital improvements of \$45K included in Annual operating plan.
- FY 06 - 07 - bldg. 1231 HVAC minor repair with APF.
- FY07 Capital improvement projects include \$87K Picnic Ground Pavilion, CDC dramatic play structure \$3K and shade structure \$10K.
- FY07- Point of sales upgrade \$25K FY06 - 08 - Upgrade of fitness Equipment, floor, mirrors \$150K 1/2 NAF and 1/2 APF.

### Long Range

- FY08 - COF projected for refurbishing of the Gym floor, HVAC, racquetball court, curtain, and tennis courts. \$1Mil
- FY08 - Rehab. Old LCDC 1231 flooring & veranda. \$40K
- FY09 - upgrade athletic fields with fencing and drainage. Project cost TBD
- 2015- COF projected for construction of new Cafeteria/Exchange Shop/Exchange Administrative Offices/ Fitness Center included in New Town Strategic Plan within Shared Services Facility. Convert Gym Fitness for Aerobics/Karate to free up main Gym courts.



# LaRC Exchange Operations Annual Operating Plan FY 2006



Revenues	EAA Admin	CDC	Food & Bev	Exc. Shop	Consol. Exchange
Sales Revenues			\$ 715,790	\$ 171,540	\$ 887,330.00
COGS	\$ -		\$ 338,762	\$ 127,557	\$ 466,319.00
<b>Gross Inc from Sales</b>	\$ -		\$ 377,028	\$ 43,983	\$ 421,011.00
Other Income	\$ 94,295	\$ 705,444			\$ 799,739.00
Total Revenue	\$ 94,295	\$ 705,444	\$ 715,790	\$ 171,540	\$ 1,687,069.00
<b>Gross Income</b>	\$ 94,295	\$ 705,444	\$ 377,028	\$ 43,983	\$ 1,220,750.00
<b>Expenses</b>					
Labor	\$ 46,925	\$ 560,210	\$ 285,542	\$ 24,800	\$ 917,477.00
Operating Expenses	\$ 67,533	\$ 122,130	\$ 76,217	\$ 9,064	\$ 274,944.00
Total Expenses	\$ 114,458	\$ 682,340	\$ 361,759	\$ 33,024	\$ 1,191,581.00
<b>Net Income(loss)Before Dep.</b>	\$ (20,163)	\$ 23,104	\$ 15,269	\$ 10,959	\$ 29,169.00
Depreciation	\$ 12,854	\$ 6,996	\$ 487	\$ 840	\$ 21,177.00
<b>Net Income(loss)</b>	\$ (33,017)	\$ 16,108	\$ 14,782	\$ 10,119	\$ 7,992.00
Percentage Goals	-35%	2%	2%	6%	0.5%



# LaRC EXCHANGE Fiscal Year 2006 Capital Improvements



	ROI		Estimated		
PRIORITY	Years	Activity	Cost	Projected Purchase	Description
3		LaRC CDC	\$10,000	2nd qtr	Kitchen/Dishwasher/counter
2	3	Food & Beverage	\$5,000	3rd qtr	Replacement equipment
4		Food & Beverage	\$5,000	4 <sup>th</sup> qtr	Move/install Aerodyner equip
1		EEA/Admin	\$25,000	2nd qtr	Fitness Center upgrades
		<b>TOTAL</b>	<b>\$45,000</b>		



# LaRC EXCHANGE

## Years 2005-2007

### Cash Projections



	FY05	FY06	FY07
1. Beginning Cash	\$ 370,455.00	\$ 395,745.00	\$ 478,957.00
2. Plus: Current and Long term Investment Accounts	\$ 116,543.00	\$ 109,043.00	\$ 129,000.00
3. Plus: Increase to Cash (Gross Profit + Other revenues)	\$ 1,254,090.00	\$ 1,220,750.00	\$ 1,230,100.00
4. Less: Decreases to Cash (Depreciation)	\$ 1,287,694.00	\$ 1,212,758.00	\$ 1,231,000.00
5. Subtotal	\$ 453,394.00	\$ 512,780.00	\$ 607,057.00
6. Plus: Depreciation	\$ 25,450.00	\$ 21,177.00	\$ 26,177.00
7. Available Cash	\$ 478,844.00	\$ 533,957.00	\$ 633,234.00
8. LESS: Capital Improvements (over \$1000)	\$ 83,099.00	\$ 45,000.00	\$ 125,000.00
11. Ending Cash	\$ 395,745.00	\$ 488,957.00	\$ 508,234.00
12. Liabilities	\$ 200,500.00	\$ 260,300.00	\$ 275,000.00
13. Cash to Debt Ratio	2.0	1.9	1.8
14. Year end Cash over & above Liabilities and Capital Improvements for Investments	\$ 195,245.00	\$ 228,657.00	\$ 233,234.00
Less Long term investments Fixed income securities	\$ 73,483.00	\$ 75,600.00	\$ 77,200.00
Less Current investments CD's	\$ 43,061.00	\$ 33,443.00	\$ 51,800.00
Unencumbered Cash in operating, money markets, and savings accounts	\$ 78,701.00	\$ 119,614.00	\$ 104,234.00
Acid test Ratio beginning of year	1.8	1.5	1.7



# LaRC EXCHANGE

## Years 2005-2007

### Cash Projections

- Cash to Debt ratio is considered Green since it remains between 1:1 and 2:1 ratio.
- Operating Cash remains green per Acid Test Ratio.
- CD maturity occurs at end of FY06 that reduces current investments by approximately \$10K that is earmarked for reinvestment along with purchase of a new 10K CD at the beginning of FY07.
- Treasury Note \$20.9K matures in 07 earmarked for reinvestment along with additional 20K in CDs.